



**“LT Foods Limited
Q4 FY '26 Earnings Conference Call”
May 15, 2026**



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**MODERATOR: MR. MEET JAIN – MOTILAL OSWAL FINANCIAL
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Moderator:

Ladies and gentlemen, good day, and welcome to the LT Foods Q4 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this call is being recorded.

I now hand the conference over to Mr. Meet Jain from Motilal Oswal Financial Services. Thank you, and over to you.

Meet Jain:

Thank you, Steve. Good afternoon. Thank you, everyone, and a very warm welcome to LT Foods 4Q FY '26 Post Results Earnings Call hosted by Motilal Oswal Financial Services Limited. On the call today, we have the management team being represented by Mr. Ashwani Kumar Arora, MD and CEO; Mr. Sachin Gupta, CFO; Ms. Monika Chawla Jaggia, Chief Corporate Development Officer.

We will begin the call with key thoughts from the management team. Thereafter, we will open the floor for Q&A session. I would now like to request the management to share their perspective on the performance of the company this quarter. Thank you, and over to you, ma'am.

Monika Jaggia:

Thank you, Meet, for the introduction. So along with other team members, we have Mr. Ritesh Arora today also on the call. He is the CEO for the India and Far East business. So good afternoon, everyone, and thank you for joining us today.

On behalf of the management team, I welcome all our investors and valued shareholders to discuss the performance of LT Foods Limited for the fourth quarter and full year ended March 31, 2026. Please note that any statements made or discussed during this call, which reflects our outlook for the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces. A detailed disclaimer in this regard has been included in the investor presentation that has been shared on both stock exchanges, that is NSE and BSE. The results documents are available on our company's website as well as stock exchanges. A transcript of this call will also be made available on the Investors section of the company's website.

FY26 has been a year of strong execution, resilient growth and continued transformation into a global branded FMCG company. Despite the dynamic external environment, we have delivered solid financial performance while continuing to invest aggressively in the brand, innovation and global expansion.

Before I dwell into our performance in detail, let me briefly touch upon the broader industry context. The global rice and the specialty food industry continue to benefit from structural tailwinds. The Indian FMCG market is expected to grow at 11% CAGR, driven by increasing consumption and improving retail penetration. The global basmati and specialty rice market is witnessing steady growth of 7% to 12% across geographies. We see rising premiumisation trends along with increasing global demand for the ethnic cuisine, especially in North America and Europe. We have experienced expansion of South Asian diaspora, which is driving sustained international demand. In addition, consumer preferences are evolving towards health and organic products, convenience-led food categories such as ready-to-heat

and ready-to-cook, traceability, sustainability and premium branding. These macro tailwinds strongly align with LT Foods long-term strategy, but there were a few headwinds as well, such as geopolitical issues, U.S. tariff, increased freight and increased input costs.

Now I cover the **financial performance** of the company. Coming to our financial performance, the revenue, including other income, grew to INR11,023 crores, which is up by 26% on a year-on-year basis.

Gross profit increased to INR3,692 crores, with normalized gross profit around 35.3%, excluding U.S. tariff and change in the shipment terms. EBITDA rose to INR1,236 crores. Profit after tax stood at INR625 crores. It is important to note that the normalized revenue growth was 19% and EBITDA margin moderated to 11.8%, excluding U.S. tariff, reflecting higher brand investments and strategic spending. We continue to strengthen our financial discipline with our working capital days improved to 176 days versus 196 days last year.

Net debt remains controlled with net debt to EBITDA at 0.6x and net debt equity at 0.16 in FY26. For the fourth quarter, the revenue grew to INR2,938 crores, EBITDA stood at INR300 crores and PAT was around INR136 crores. The reported margins for FY26 and Q4 FY'26 have been affected because of the U.S. tariff pass-through, brand and marketing investments, LT Foods U.K. being an investment phase and organic segment under remodeling.

Now I'll cover the **segment and geography performance**. So our core business continues to perform strongly with basmati and the specialty rice contributed 88% of the revenue, delivered a 29% revenue growth in FY26. Normalized growth 21%, excluding the U.S. tariff with revenue in tune of INR9,742 crores, reflecting the enduring strength of our strong brand equity and deepening consumer base in our products across the world. The segment maintained a healthy EBITDA margin of 12.3%.

We observed strong growth across India, North America and Europe. We continued and gained our leadership position as number 1 brand basmati brand in North America with a strong share in the U.S. imports and Canada market. Our organic Foods and Ingredients segment grew by 9% and crossed INR1,016 crores in the revenue in FY26. Building on over 30 years of pioneering Indian organic exports with over 110,000 hectares of certified organic farmland, 80,000 farming family Association and a global partner base spanning 25 countries. This business represents both a significant commercial opportunity and a profound expression of our commitment to responsible sourcing. We are glad to share that we hold 12% share in India's export of organic food. However, this business segment is under stress, and we have strategically remodeled it for the next phase of the growth in which we have built the capacity, which will take time to get fully utilized and also entered into the CPG business.

Further, the EBITDA is also currently under stress due to currency fluctuations and commodity price pressure. Our ready-to-heat and ready-to-cook segment business has grown 2.5x over the last 5 years. Reaching INR187 crores in FY26 as consumers increasingly seek convenient and healthy meal solutions at home.

Innovations like Biryani Kit, Cuppa Rice, and Royal Ready-to-heat range are resonating strongly with time-pressed flavor-forward consumers in India and internationally. The demand momentum across key markets remains strong. However, certain growth opportunities could not be fully serviced due to capacity constraints in RTH platform. The enhanced capacities are expected to become operational from Q2 FY'27.

Our **India business** continued its strong trajectory, ending the year with 10% value and 12% volume growth, a testament to the resonance continues to build with Indian consumers. What is particularly encouraging is the quality of this growth. Our quick commerce and e-commerce channel grew in excess of 45%, firmly cementing our leadership on key digital platforms.

The premium segment grew at 2x the pace of the overall consumer portfolio, reflecting the power of the premiumisation trend that is reshaping India's food landscape space. Premiumisation drove a significant increase in gross margin, which was reinvested in the further strengthening of our strong brand equity, enabling us to scale our marketing budget by 2x versus last year.

Our household reach in India rose to 64.4 lakhs as per the Kantar, a 22.8% expansion over the last 15 months. Our market share in India stands at 23.7% as per the Nielsen report. Besides the new innovative offerings like Daawat and Organic Range, the limited-edition of Daawat Saffron Basmati and Daawat Thai Green Curry Rice Kit are gaining strong traction with our consumers. Our investment in the new facility in Raichur, Karnataka further strengthens our value chain from farm to fork as we deepen our regional rice play.

North America remains our largest market, contributing 48% of our revenue mix in FY26 and delivering 53% growth. 9% is the normalized one, excluding the impact of the U.S. tariffs. Our flagship brand, Royal commands over 60% market share and Golden Star continues to be number 1 Jasmine rice brand in U.S.A.

Europe continued its growth journey, delivering 34% revenue growth in FY26 and advancing meaningfully towards our 5-year target of GBP 100 million in U.K revenue. LT Foods Europe was conferred with the new award for its expansion to the U.K. market at the 15th Annual Department for Business and Trade Investment Awards. Separately, Extra Long Basmati recognized as the Product of the Year, Tar Extra Long Basmati recognized as Product of the Year in U.K., an honor driven entirely by the U.K. consumers. We are building the foundation for a sustainably large European business, and we remain focused on brand

building, distribution expansion and portfolio diversification across the region.

In the **Middle East**, we continue to further strengthen our position. We would like to highlight that despite the ongoing geopolitical conflict in the Middle East, including the heightened tensions arising from the Iran situation, LT Foods has demonstrated business resilience with no material disruption to our supply chain. During the year, we expanded our presence in Southeast Asia with INR53 crores in revenue in FY26 and successfully launched Mazza Basmati rice in Saudi Arabia.

Apart from this, we are witnessing some near-term pressure arising from U.S. import tariff related developments. While the input cost has increased, we have to see how it's going to impact us in the near future. Going ahead, premiumisation, category expansion, route to market excellence will continue to be engines of our growth while brand in India, while brand investments, distribution expansion and innovation will drive our international performance.

Our **strategy** going forward remains very clear and focused, strengthening our core business by expanding our global market share in basmati and the specialty rice and drive premiumization and pricing, accelerating new categories by scaling RTH, RTC and other such products. We shall remain focused on margin improvement by focusing on operational efficiencies, cost optimization and build economies of scale, improve mix towards premium and the branded offerings. Technology and digital transformation remain at the core of our capability building agenda. As we see towards our next phase of the growth, we are committed to building a smarter, more agile and future-ready organization that leverages technology as a competitive advantage.

For the future, we expect continued double-digit growth supported by global demand and new product launches, distribution expansion. Margins are expected to gradually improve as brand investments normalize, scale benefits come through. RTH, RTC and organic segments will continue to outpace overall growth.

Now we would like to open the floor for question and answers, please.

Moderator:

Thank you, ma'am. The first question comes from Abhishek Mathur with Systematix. Please go ahead.

Abhishek Mathur:

Just wanted to check for FY '26, what was our volume growth in the U.S. and also for U.S. geography and also for the Basmati and specialty rice segment volume growth for FY '26? And what do you think was the extent of impact on this due to the U.S. tariffs? That's my first question.

Sachin Gupta:

Yes. So, volume in the overall basmati and the specialty segment in this year-on-year basis grew by almost 19% this year. And regarding the U.S. the U.S. volume has increased, if we

include the Golden Star revenue, that also increased by 30%, 35%.

Abhishek Mathur: And sir, what do you think was the impact on this volume growth, if any, from the U.S. tariffs?

Ashwani Arora: So this was an opportunity for us being the company which has on-ground operations. And with a better service level, we have been able to acquire more consumer, more customer by giving them the service level. So the idea was in this whole disruption, which was a big disruption for us, the idea was to keep the service level robust, and that has really helped us to grow our customer and consumer base, although it has impacted on our margin because partly we have consumed and partly we have passed on. But broadly, acquiring consumers, acquiring customer was a big achievement for us.

Abhishek Mathur: Right, sir. And secondly, you have indicated a higher stepped-up investment in your U.K. business where we have a 5-year target of scaling up. So just wanted to check today, how much is U.K. salience for Europe as a percentage of revenue? And related -- on the domestic side, just wanted to check what is our distribution reach now? I believe it was about 170,000 in December, but what is that number now?

Ashwani Arora: Sachin can add into this. This year, U.K. is roughly GBP 45 million revenue.

Sachin Gupta: Correct.

Rohan Grover: And the goal is by 2030, we will scale it to GBP 100 million. So India distribution is flat at 172,000. So flattish, hasn't grown much in the last quarter, but we've seen an improvement in our market share compared to last year same quarter.

Abhishek Mathur: And lastly, just a book-keeping question, if I may. When I look at our revenue growth for FY '26 for India and U.S., which are together about 80% of the business, it's at 10% for India and about 8% to 9% for the U.S. But our FY '26 revenue growth for the basmati rice segment, which is about 90% of the business is at 21%, both normalized. These don't seem to be adding up. Is there something I'm missing here?

Sachin Gupta: There are 2 kinds of accounting treatment that we did this year. If you normalize that, one was the tariff, the custom tariff and the second was the Golden Star because last year, the Golden Star, we had a JV -- this year, we have acquired that 49%. Now it is a fully owned subsidiary. So both the numbers, if you sum it up because there in the U.S. one, we had normalized the Golden Star as well as the tariff, whereas in the basmati segment, the tariff was there. So once you do both the things, it will sum up.

Moderator: The next question comes from Saurabh Beria with Sameeksha Capital.

Saurabh Beria: Congratulations for a great set of numbers. I wanted to just have guidance on the margin part. So going forward in FY '27, what are the gross margins should we expect considering the input cost and the EBITDA level margins?

Sachin Gupta: So if you talk about the gross margins, the gross margins will be more or less in line with what we have done in FY'25, FY'26 because the gross margins, this movement of C&I, that will remain in this year as well. So that will be there. Yes, somewhat the tariff and other things because now the tariff has normalized from 50%, it has gone to 10%. So we expect the gross margins to be within the range of what was there in the last year.

Saurabh Beria: But last when I check your FY '26 gross margins remains different from FY '25. So on an absolute basis, if you can give me a number of the range that would be more helpful?

Sachin Gupta: So if you look at my gross margins in FY25, it was almost 24.6% it reduced on the 100 basis points. And this reduction in the 100 basis points was mainly because of the U.S. tariff and the movement from CI to C&I. So this margin range of 33.5% or 33% will remain in the next financial year as well.

Saurabh Beria: Okay, perfect. Okay. And the EBITDA margins?

Sachin Gupta: This year, there were certain -- the tariff was there and there were certain passing of the timing and other things were there, the tariff had an effect on EBITDA margins. Likewise, there was the organic range, one of the organic, the inventory buildup and the other -- the spends were there.

There are certain kind of dynamic environment and dynamic situations that might -- these situations relatively are not there and things remain such, we will surely improve on the EBITDA margins by almost on that level. We were at 12% in the previous year. So we are eyeing that level.

Ashwani Arora: Whatever the disruption has come, we have accounted for till time said, we are confident that we will be in the range of 12%. But as we are living in a very disrupting world, so we are confident that we will be in this range.

Saurabh Beria: Okay that helps. And another question lies around the growth guidance. If you can guide a number different geography and overall Basmati segment. And also market share for, say, going forward, if the basmati industry grows by, say, x percent. So what upto total geography, what percentage of market share does LT sees?

Ashwani Arora: That we have tried to put all the information on the presentation, so if you go through the presentation, you will find these numbers.

Sachin Gupta: And the guidance for the growth that we maintain that the guidance for the growth. So we are eyeing at 10% to 12% of growth on a long-term basis that we are and we remain to that growth levels. Organically, we should grow in that levels.

Moderator: The next question comes from Pooja Sanghvi with Incred.

Pooja Sanghvi: Congratulations on a good set of results. I want to ask that, what is current with the inventory by age, and how much of your inventory today is aged like twelve months or more versus the relatively fresh one?

Sachin Gupta: Inventory aging also, it depends upon the different products which we sell. And all my premium products, if you talk about premium and certain other range that we have. So my average inventory levels is around 190 days to 200 days of inventory, which we hold. So there are certain premium where we age more than 18 months and 2 years of inventory aging that is required. So there are these -- on the various products we age accordingly.

Pooja Sanghvi: Right. So I just wanted some clarity on how much of your volume is aging beyond two years, if you can tell me that.

Ashwani Arora: Pooja, can you be specific on your question? So may not be we have the answer right now, but you can mail it to the Investor Relations.

Moderator: The next question comes from the line of Krish Lulla, an individual investor.

Krish Lulla: My question is on payable days. I'm seeing from FY '21, we had trade payable days at 45 days. Now it is almost around 100 days. I wanted to know what's the reason for it? And is the 100 trade payable days now the normal payable days for the future? Or is it going to reduce?

Sachin Gupta: So the payable days of 100 days, which is there in the financial numbers, so these will remain as such. So we have made certain arrangements because our practice of buying is 60% to 70% we buy in the season and 30% to 40% we buy apart from the other seasons. So the payment date when we buy 30% to 40% in the other part of the season, that defers. So having said so, this payable days of 100 days will remain in the future as well.

Moderator: The next question comes from Amit Doshi with Care PMS.

Amit Doshi: Ready-to-eat health and convenience segment, so while, of course, Daawat Soya B-Well discontinuation has impacted the sales growth, but overall, looking at the number, the size, our growth number, do you think it's fairly low or, or what is our internal target?

And second, on the same RTH and RTC segment, our gross margins are in the range of 32%, 33%, which is similar to Basmati and specialty rice. So considering that it's a convenient

segment should it have a higher gross margin?

Ashwani Arora: So basically RTH segment is led by our U.S. geography, which is very big in this category. India is very small for ready-to-heat and bigger in ready-to-cook where we are putting all our efforts, which is Daawat Biryani and so that's -- we are getting good response. So as far as RTH is concerned, our plant got delayed, and that's the growth is a little disruptive, but we are confident that by July, the production will start. We will be back on the track of growth. And as far as margins are concerned, you're right, we are in the range of 35%.

Sachin Gupta: That too is basically on basis of accounting treatment because initial period, you do the more of sampling and sales promotion. There is more spend on that, and that needs to be netted off and you need to have the net sales. If you remove that, our overall GP margins in this segment on the basis of what we are making the sales, it is almost 40% plus in this segment if you remove the sales promotion and other sampling expenditure.

Ashwani Arora: whichever RTH or RTC segment we should get into. The filter is, it depends on the size of opportunity. It will be in the range of 30% to 40%.

Amit Doshi: Okay. And what's our internal growth target of this segment? And when do we have a breakeven ?

Ashwani Arora: So as far as the internal aspiration we have set for this business, so RTH is very big in U.S.A. And this year, we have done 15 million. So another plant has been set up, which is late. So in the next 2 years, we will be 30 million, which is INR300 crores. And on the ready-to-cook, which is India, that on the size of what we are expecting by 2030, we have set up INR100 crores. Ritesh, can you add?

Ritesh Arora: INR120 crores of revenue by 2030. So in India, we are already the category leaders when it comes to Biryani kit. We have more than 60% to 65% market share on different platforms. And so over here, the investments are going on for category creation. So we are, therefore, very bullish on building this category up.

Amit Doshi: Okay. So any breakeven target that you would want to add?

Sachin Gupta: It will be in next 2 years. So as Ashwani sir told in the whole of the category, our breakeven target, that remains the same, achieving a INR400 crores in the segment will make us breakeven in this segment. So that's our target. Yes, 1 year because of the capacity constraint, our target has moved. But otherwise, we are in line with achieving that target.

Amit Doshi: Okay. And overall, our inventory days are down. So have we purchased less this year as far as our inventory is concerned?

- Sachin Gupta:** Not really. We have not reduced our inventory. Yes, as we compare with the inventory days, it has reduced by 28 days. So somewhat this represents the tariff as well because the tariff impact and other things were there. But overall, the inventory we have maintained that inventory levels of almost 250 days of inventory, which I'm sitting as of March 31.
- Amit Doshi:** Okay. And any general comment on El Nino and outlook of basmati rice production for the upcoming season, anything on that paddy prices for next year, anything -- any comment on that would be helpful.
- Ashwani Arora:** Yes. So as far as farmers' economics point of view, last year, the paddy prices were very high. So we expect that the farmers will grow more. As far as the impact of El Nino, that we are watching. But historically, basmati is mainly grown in the region where there is other way of irrigation also.
- So in the last 40, 50 years, we have not seen any impact of the rainfall shortage on the basmati rather, farmers prefer to go basmati because it consumes lesser water. And so we are positive that the production of basmati will grow this year. But I think we will be more clearer in 1.5 months.
- Amit Doshi:** Okay. And on the Middle East front, while, of course, Saudi has contributed to around INR50 crores revenue this year, new market. Other than that, our Middle East is not growing. Is that correct understanding?
- Rohan Grover:** That's correct. That's a very tough market, very strong entry barriers. And we have chosen our route to market where we should not lose money. We not invest money much on that. But we are finding other ways of growing Middle East. Hopefully, that should work.
- Moderator:** The next question comes from the line Unni with Geojit Investment Limited.
- Unni:** I would like to know about what is the revenue contribution of Golden Star specifically and their margins?
- Sachin Gupta:** Regarding the revenue contribution, it is contributing 10% of the overall revenue in this segment. So currently, we are not tracking its EBITDA margins as such because it has been merged with the financials. But the margins of this year is as we compare relatively 1% or 2% lower than that of the last year.
- Unni:** Okay. So like in Q4, what will be the revenue for Golden Star?
- Ashwani Arora:** Proportionately divided. So 25 million, which is INR250 crores.
- Unni:** Okay. One more question, sir. Like what is the current situation of raw material prices?

- Ashwani Arora:** So for the coming crop?
- Unni:** Yes.
- Ashwani Arora:** So it's very early because in 1.5 months, we will be clear what is the kind of production being forecasted and what will be the impact on this disruption which is happening in the Middle East. So I think 1.5 months, we will be more clear. But broadly, if you ask me, the prices will not come down much.
- Unni:** Okay. So for Q4, what was the situation?
- Ashwani Arora:** In terms of prices?
- Unni:** Yes.
- Ashwani Arora:** The prices have gone up very high. From the base level, if I talk about whatever was the opening price, roughly 25% to 30% prices have gone up.
- Moderator:** The next question comes from the line of Damodaran with Acuitas Capital.
- Damodaran:** Just one question from my side. On capex, I see that you have spent around INR30-INR60 crores. So can you just give me a breakup of this capex? That's all from my side.
- Sachin Gupta:** The capex spent in the last year is almost INR350 crores. And in that, the major capex that has spent is basically in the lines of the U.S. We have purchased the land and we have invested in the RTH facility, so in the U.S. That's the major capex that has went up in the last year.
- Ashwani Arora:** We are building a big warehouse in Houston.
- Damodaran:** Okay. So the INR360 crores is entirely for that?
- Sachin Gupta:** Major one is in that. Rest is in the U.K. one, the packaging facility because we are in the growth phase and we are installing that additional packaging facility in that. And rest are certainly in India. India, we have purchased certain portion of land and to build new warehouses in the Indian region. So that has gone in that capex.
- Ashwani Arora:** Mix of all territory, but major is which is such as explained on the Houston land purchase and RTH.
- Damodaran:** Sure. Got it. And what's the outlook for FY '27 or the capex spend that's going to come through?
- Ashwani Arora:** Will be in the similar lines. we are investing to create certain more capacity in India. And

then the land has been purchased and warehousing and some asset we are building in Europe on packaging and all this. But major is in India and U.S.

Damodaran: Sure. Okay. And just one question on that grain acquisition, which kind of fell through, will we be looking at it now considering the changes of circumstances?

Ashwani Arora: As a strategy, we always look for opportunity, which has a strategic in nature as far as LT Foods framework is concerned. So we keep on looking that kind of opportunity.

Damodaran: Okay. And just one question on the consumption side, specifically on U.S., are you seeing any impact in terms of consumption at the retail level of the war and inflation, anything like that?

Sachin Gupta: As far as demand side is concerned, we have not seen any impact. And historically also because being the food and U.S., whatever the income is, that's the last thing to get impacted.

Moderator: The next question comes from the line of Eklavya, an individual investor.

Eklavya: Congratulations for the good set of numbers. So my question is that in respect to the top line growth, the top line growth for this year in U.S.A. as well as the sales growth for this year?

Sachin Gupta: It is stated in my investor deck uploaded one. The U.S.A. in the value terms has grown by almost 53%, but that includes the tariff as well as the Golden Star index. And in the volume terms, as I stated, it is a 38% growth in the U.S. that was there in the volume. And if I reduce the Golden Star, there is a growth of volume 7% to 8%.

Eklavya: Okay. So there's a discrepancy in the volume and the sales growth. So does the sales growth also include the forex gains as we have seen that the dollar appreciated a lot in the last 1 year. So does the sales include that also or the contract used to take place at the very initiation of the year? How do you take this?

Sachin Gupta: No. So yes, it has a dollar impact, dollar depreciating because we are reporting in the Indian rupees and Indian rupee has almost depreciated last year. So it has in the rupee terms, currency.

Eklavya: Okay. So you're reporting in the U.S. -- in the INR, not in the U.S.

Sachin Gupta: Yes. So we are reporting in the rupee terms in India. So it is a listed...

Eklavya: No, the contract which will take place in the U.S., right, in the U.S. dollar, whatever you're selling in the U.S.

- Ashwani Arora:** We do a yearly transfer pricing with the U.S.A. And as a policy, we hedge ourselves by 50% to 60% every time. So there is a little bit gain, which was unhedged and we have the forex gain.
- Eklavya:** Okay. Just the follow-up question, if that appreciation of dollar hasn't been happened that much, so what could be the impact in the sales volume growth as well as sales the sales value?
- Ashwani Arora:** So normally, what happened as a strategy, international strategy, we cover the raw material also roughly 70%, 80%. So what we have seen if rupee depreciates, then the local cost also goes up. So inflation also covers that. So more or less, if you see -- if your question is around that if this rupee has not depreciated, then the profit remains the same. So the answer is then inflation in the commodity also has not come.
- Moderator:** The next question comes from the line of Yogesh, an individual investor.
- Yogesh:** So I was trying to find a mention about the freight cost, the recent impact in the last quarter. So my question specifically is by how much percentage has the price increased for the freight from Q4 FY '25 to Q4 FY '26? Has there been any disruptions in shipping through the conflicted zone?
- Ashwani Arora:** So mainly the disruption, Sachin, you can add into. The Europe has been the most disrupted. The prices have gone up. In U.S., another market, at the moment, there's not much disruption in freight as compared to last year. But Middle East, which is not our big business, the prices have gone by 10x, 15x.
- Ashwani Arora:** Yes. Like Dubai was \$200, now \$2,200. Jeddah was \$700, \$800, now \$2,600. So it depends. And there is a big disruption in the delivery also in the Middle East.
- Yogesh:** Understood, sir. Another question, if I may, please. Yes, in percentage terms, how much is the change in the realization per kilogram of our main brand, Daawat in India and then the Royal brand separately in the U.S. I'm asking this in context of pricing power.
- Ashwani Arora:** Ritesh can tell that what is the quantitative growth and what is the value growth.
- Ritesh Arora:** So in last year, both the quantitative and the value growth is almost at par, but we've seen an improvement in our product mix. Our most premium SKU saw a 2x growth compared to the whole consumer bag business. So from that perspective, we are working on improving our product mix, which drives better gross margins.
- Moderator:** The next question comes from the line of Anubhav Mukherjee with Prescient Capital.
- Anubhav Mukherjee:** Sorry, I was slightly late in joining the call, and this might have been discussed. So, sir, can

you share what is the trend of pricing realization in the international markets? Like is there a price increase we are seeing for paddy?

Ashwani Arora: So as far as domestic price are concerned, that has gone high from season 20% to 25%. But as far as the international price is concerned, that the deal are done 85% in the season only. So whatever the 10%, 15% left trading is left, that has seen 15% to 20% higher prices than the season price. I hope that answers your question.

Anubhav Mukherjee: Yes, sir. And sir, the domestic price, like you mentioned, has been a significant increase will only suffice to take the hit from maybe higher procurement side this year? Or will we be able to improve our gross margin because of that?

Sachin Gupta: The cost has gone up, so there will be further improvement in the gross margins in the coming years.

Sachin Gupta: In absolute terms, the gross margin will be low.

Moderator: The next question comes from the line of Yogesh, an individual investor.

Yogesh: I re-queued myself to ask another question, which I forgot earlier. Regarding the insurance case that was going on, in simple terms because I'm an individual investor, I don't understand the nuances of the legal terms. But in simple terms, if INR100 was expected to be received, including the interest over the years for the Bhopal case, how much is it already on the books and how much more is expected and likely when?

Ashwani Arora: Okay. I will tell you. So the lower court as well as High Court and Supreme Court has asked insurance company to give us money against bank guarantee. So that we have got -- we have given the bank guarantee. But in accounting, no accounting has been done whatever the gain is like our books, INR136 crores is outstanding with the insurance company, we have got 50 crores, but we can't do the accounting till the final verdict will happen, which is in the June. I hope that answers.

Yogesh: Yes, sir. It greatly does answer my question. So you mean to say that, sir, is the amount in an escrow account?

Sachin Gupta: So it is -- in fact, not in an escrow account, we have that money. So it is the court that has asked for the bank guarantee against that amount. So we have that amount because the bank guarantee was to be given, we have deposited an FD amount equivalent to the bank guarantee amount. So that is basically the FD account. So that is it.

Moderator: The next question comes from the line of Saurabh Beria from Sameeksha Capital.

Saurabh Beria: I just wanted some guidance on the capex. So if you can guide on net asset figure or capex

as a percentage of sales figure because as we keep on growing at a rate of, say, 14%, 15% so we'll have to have more capex, right? So going forward, can you give me a capex guidance?

Ashwani Arora: Yes. So this year, we have spent INR330-odd crores. And the next year also will be in the same range. So this is the broader guidance on the capex. So we don't calculate on the percentage of the revenue. We calculate on the production tonnage.

Saurabh Beria: If you can guide on net asset gross asset number?

Sachin Gupta: So basically, what we are telling this year or the coming forward year because there was certain one-off buildup of the spend. So on a year-on-year basis, you can't tie up with that number because capex for this year might service for the next 2, 3 years. So that way, it goes like that. On a conservative basis, you can tie up the amount of depreciation, what we have, that will be invested in the capex. So almost on a long-term trajectory itself, INR250 crores of capex each year that will be done. So this year or the previous year, we invested because we are building a capacity for the next 3, 4 years. So that will be there.

Ashwani Arora: Every year, we grow 50,000 to 60,000 tons of rice. So if we build that rice capacity, so the thumb rule is the cost will be INR3 crores per ton.

Saurabh Beria: Okay. And currently, what is the total capacity ton-wise which we have?

Ashwani Arora: Okay. So we have in terms of millings, paddy to rice, we have we have 8 lakh tons of capacity in India. I am talking about India specifically. And we pack rice roughly, again, 8-9 tons.

Moderator: The next question comes from Abhishek Mathur with Systematix.

Abhishek Mathur: Just wanted to check in the domestic market, this regional rice is an opportunity that we have talked about in the past. Can you give an update on that? What is now the sales level that we have from this segment? How is it growing? That would be helpful.

Ritesh Arora: So it continues to grow in the last financial year at a higher double-digit growth. So it's approximately now around INR170-odd crores in revenue, which comes out of our regional rice portfolio. And it will continue to remain our focus, and we will continue to grow this in the future as well.

Abhishek Mathur: Right. And lastly, just a clarification. The normalized margins that you have presented for the full year, they have -- they don't incorporate the impact of your higher spending on A&P, brand building or the higher level of U.K. investments, right? They are only adjusting for the U.S. tariffs and the accounting adjustment. Is that correct?

Sachin Gupta: Correct. You are absolutely right. That accounts for only for the tariff and -- the tariffs.

- Abhishek Mathur:** So sir, therefore, the slight 40 basis point reduction in the operating margin that we see from FY '25 to FY '26, that would be on account of the higher A&P and the U.K. investment?
- Sachin Gupta:** Partly because of the tariff. The tariff if I talk about the passing of tariff to the end consumer and building up of the inventory and organic. That is the reasons for lower margins, reduced or 40 basis change in the margins.
- Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Monika Jaggia:** On behalf of the management of LT Foods Limited, we sincerely appreciate your participation in our post earnings call. We hope we have been able to address your queries and provide clarity on the performance and outlook. For any further questions or follow-ups, please feel free to reach out to me or our Investor Relations partner, Ernst & Young. The team will be happy to connect with you offline and assist with you any additional information you may require. So now we may please close the call.
- Management:** Thank you.
- Moderator:** Thank you. On behalf of Motilal Oswal Financial Services and LT Foods, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.